

**PRELIMINARY REPORT**  
**EVALUATION OF REUSE AND DISPOSAL OPTIONS FOR**

**PMA No. 731**

Resolution 29799 directs that the Executive is to make its recommendations on the reuse or disposal of excess property on a case by case basis, using *the Procedures for Evaluation of the Reuse and Disposal of the City's Real Property* adopted by that resolution. Additionally, the Resolution identifies guidelines, which are to be considered in making a recommendation. This report addresses each of the guidelines outlined in Resolution 29799 in support of the recommendation. This report also follows those provisions of Resolution 30862, adopted May 1, 2006, that amended Resolution 29799.

**Property Management Area:** **PMA No. 731 – Portion of SPU Operations  
Control Center  
Airport Way S., Seattle WA**

**BACKGROUND INFORMATION**

**Legal Description:**

THAT PORTION OF LOTS 5, 6, 7 AND 8, BLOCK 232 OF SEATTLE TIDE LANDS, ACCORDING TO THE OFFICIAL MAPS ON FILE IN THE OFFICE OF THE COMMISSIONER OF PUBLIC LANDS IN OLYMPIA, WASHINGTON, TOGETHER WITH THAT PORTION OF THE VACATED ALLEY ADJOINING OR ABUTTING THEREON WHICH UPON VACATION ATTACHED TO SAID LOTS BY OPERATION OF LAW, AND PORTION OF LOTS 7 AND 8, BLOCK 18 OF HANFORD'S ADDITION TO SOUTH SEATTLE, ACCORDING TO PLAT RECORDED IN VOLUME 1 OF PLATS AT PAGE(S) 37, LYING WITHIN THE FOLLOWING DESCRIBED TRACT:

COMMENCING AT THE SOUTHWEST CORNER OF LOT 5, SAID BLOCK 232;  
THENCE S88°35'54"E ALONG THE SOUTH LINE OF SAID LOT A DISTANCE OF 78.48 FEET TO THE POINT OF BEGINNING;  
THENCE N01°08'17"E A DISTANCE OF 39.89 FEET;  
THENCE S88°51'43"E A DISTANCE OF 95.31 FEET TO THE BEGINNING OF A CURVE TO THE RIGHT HAVING A RADIUS OF 1287.95 FEET;  
THENCE EASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 02°42'18" AN ARC LENGTH OF 60.81 FEET TO THE EAST LINE OF SAID BLOCK 18;  
THENCE S01°25'48"W ALONG SAID EAST LINE, THE SAME BEING THE WEST LINE OF 10TH AVENUE SOUTH, A DISTANCE OF 39.17 FEET TO THE SOUTHEAST CORNER OF ABOVE SAID LOT 8, BLOCK 18;  
THENCE N88°35'54"W ALONG THE SOUTH LINE OF SAID LOT, AND ALONG THE SOUTH LINE OF LOT 8 OF ABOVE SAID BLOCK 232 AND THE WESTERLY PROJECTION THEREOF ACROSS THE VACATED ALLEY, AND ALONG THE SOUTH LINE OF ABOVE SAID LOT 5 OF BLOCK 232 A TOTAL DISTANCE OF 155.90 FEET TO THE POINT OF BEGINNING;

EXCEPT ANY PORTION THEREOF LYING WITHIN THE (FORMER) NORTHERN PACIFIC RAILWAY RIGHT OF WAY.

Containing 5,001 square feet more or less.

**Physical Description and Related Factors:**

This Preliminary Report concerns two parcels of land that are presently included in PMA No. 731 which is known as the SPU Operations Control Center. These parcels located directly south of the Operations Control Center on the east side of Airport Way South. Both Seattle Public Utilities and the Puget Sound Regional Transit Authority (PSRTA) have adjoining ownership interests in the

block of property that lies between Airport Way South and 10<sup>th</sup> Ave. South and S. Stevens Street and the South Forest Street Off ramp from I-5 southbound. That area is presently being used for staging and construction of the PSRTA West Portal of the Beacon Hill Tunnel for the Light Rail system. The location of the parcels to be exchanged as part of the transaction is accurately depicted on Survey Exhibits ‘T’ and ‘U’ that are attached at the end of this report. The King County Assessor identifies the SPU property as a portion of Tax Parcel Identification No. 766620-3010. The two parcels comprise a total area of 5001 SF and are zoned IG2 U/85 - General Industrial 2 with a height limit of 85 feet. Typical land uses in this zone are general and heavy manufacturing, commercial uses subject to some uses, conditional high impact uses, institutional uses in existing buildings, entertainment, transportation and utility services and salvage and recycling uses. The IG2 zone allows a broad range of uses where the industrial function of the area is less established and where additional commercial activity could employment opportunities and the physical condition of the area without conflicting with industrial activity. The size of or retail, office, entertainment and research and development facilities are limited to no more than 75,000 to 100,000 square feet. The subject property is located in the Duwamish Manufacturing and Industrial Center, amid a number of trucking, manufacturing, building support, warehouse and smaller retail businesses.

***GUIDELINE A: CONSISTENCY***

*The analysis should consider the purpose for which the property was originally acquired, funding sources used to acquire the property, terms and conditions of original acquisition, the title or deed conveying the property, or any other contract or instrument by which the City is bound or to which the property is subject, and City, state or federal ordinances, statutes and regulations.*

Both of the subject property parcels were purchased in 1927 and have been used by SPU as part of its South Shop and Operations Control Center. The parcel to the east is a part of a piece of land acquired from McNaught Collins Improvement Company under the authority of Ordinance 53487. The deed, with King County Recording No. 3418999, was accepted by the City of Seattle by Ordinance 53908. The western parcel was acquired from Pioneer Lumber Company under the authority of Ordinance 52889. The deed, with recording no. 240051, was accepted by the city by to Ordinance 53635. Both properties were acquired with appropriations from the surplus in the Water Fund.

There are no other contracts or instruments by which the City is bound and there are no extraordinary governmental regulations or laws to which said property is subject.

**GUIDELINE B: COMPATIBILITY AND SUITABILITY**

*The recommendation should reflect an assessment of the potential for use of the property in support of adopted Neighborhood Plans, as or in support of low-income housing, in support of economic development, in support of affordable housing, for park or open space; in support of Sound Transit Link Light Rail station area development; as or in support of child care facilities, and in support of other priorities reflected in adopted City policies.*

**Context**

This property is located within the City of Seattle and within the boundaries of the Duwamish Manufacturing and Industrial Center. The Plan for this area of the city recommended the following; 1) Restrict incompatible or competing land uses; 2) Encourage manufacturing and industrial job retention and growth; 3) establish a growth target of 10,860 new family wage industrial jobs; 4) retain and improve access to, and transportation within the Center; and 5) Retain existing businesses and encourage new manufacturing and industrial development.

The property is not appropriate for the development of low-income or affordable housing. It is also not suitable for park or open space activity or in support of child care facilities. It is ideally located to provide support for Sound Transit since it is situated immediately adjacent to the area purchased by the PRRTA as the location of the west portal of the Beacon Hill tunnel. Sound Transit has been engaged in discussions with SPU about incorporating the property into its facility. Per Ordinance 118927 (which mandates effective intergovernmental cooperation between Sound Transit and the City of Seattle), SPU and Sound Transit will be exchanging properties at this site.

#### Range of Options.

Options for disposition of the property include retention by the city, long-term ground lease, negotiated sale or sale by public bid. Circulation of the property among city departments and other public entities in November 2007 generated no interest from any department in acquiring PMA No. 731 for a present or future municipal purpose; therefore, neither retention of the property nor a long-term lease is in the city's best interest. A public bid sale is not feasible as these two parcels are in the middle of an existing SPU facility. In light of Sound Transit's need for the property as part of the West Portal, this PMA should be transferred to Sound Transit through a sale or exchange for comparably valued property in the immediate area. Reciprocal easements between the parties will also be part of the planned transaction.

#### **GUIDELINE C: OTHER FACTORS**

*The recommendation should consider the highest and best use of the property, compatibility of the proposed use with the physical characteristics of the property and with surrounding uses, timing and term of the proposed use, appropriateness of the consideration to be received, unique attributes that make the property hard to replace, potential for consolidation with adjacent public property to accomplish future goals and objectives, conditions in the real estate market, and known environmental factors that make affect the value of the property.*

#### Highest and Best Use:

This property is zoned IG2 – U/85 – General Industrial 2 with a height limit of 85 feet for allowed non-industrial uses. The highest and best use is one that is allowed within this zoning classification. Because these parcels are not suitable for any other type of development and are needed by Sound Transit for construction and maintenance of the West portal, their inclusion as part of the Light Rail Central project is the most appropriate use of the land.

#### Compatibility with the physical characteristics:

The property sits in a longtime manufacturing and industrial sector of the City of Seattle. The proposed use by PSRTA is consistent with the area plan and is supports that plan's transportation and manufacturing goals.

#### Compatibility with surrounding uses:

All the surrounding uses are industrial or warehousing. The West Portal of the Light Rail Beacon Hill Tunnel presents a use that is complementary to those activities.

#### Potential for Consolidation with adjacent public property:

The only city-owned property that lies adjacent to the two parcels comprising PMA 731 is the remaining area of the SPU Operations Control center. There are several city properties in the vicinity. Fire Station No. 14 – PMA No. 115 – is located approximately 1/3 mile to the west on 4<sup>th</sup> Avenue South. Consolidation of these city properties with this PMA is not feasible. The PSRTA ownership of the adjacent land is the primary reason for the proposed land exchange.

Timing and Term of Proposed Use:

SPU intends to sell and/or exchange a portion of the property as part of an agreement with PSRTA. SPU will ensure that all existing valid and legal utility and other easements on the property are preserved.

Appropriateness of the consideration:

The property should be sold or exchanged for fair market value as established by a current appraisal. The property has a recent appraised value of \$155,000. Sale or disposition of this surplus property originally acquired for public utility purposes and no longer required for providing continued public utility service is subject to the provisions of RCW 35.94.04. This statute requires the legislative authority to conduct a public hearing and issue a resolution stating the fair market value or the rent or consideration to be paid and such other terms and conditions for such disposition as the legislative authority deems to be in the best public interest.

Conditions in the real estate market:

The real estate market is generally cooling off. A negotiated sale between two public agencies will rely on a current analysis and opinion of fair market value. The intergovernmental benefits to be gained by both the City and Sound Transit are a key element that supports the proposed transaction.

Known environmental factors:

There are no known environmental problems or factors that affect this site.

**GUIDELINE D: SALE**

*The recommendation should evaluate the potential for selling the property to non-City public entities and to members of the general public.*

The potential for selling this property to non-city public entities has been assessed. Circulation of the property reinforced Sound Transit as the only public agency interested in acquisition. The size and location of the property influences the conclusion that there is no potential for selling this property to the general public.

**PUBLIC INVOLVEMENT**

Excess Property Response Forms were circulated to public agencies and other City departments to ascertain interest in the subject property. None of the potential buyers expressed an interest. A notice was mailed to 71 private property owners, residents, and neighbors that live within 1000 feet of PMA 731 on November 29-30, 2007. A total of two comments had been received as of the January 4, 2008 deadline. Both of these comments were from private parties expressing an interest in purchasing the property should it become available for sale. Notices to neighborhood groups and planning committees did not result in any feedback or comments.

**THRESHOLD DETERMINATION**

The Disposition Procedures provide that FFD assesses the complexity of the issues on each excess property following the initial round of public involvement. The purpose of this analysis is to structure the extent of additional public input that should be obtained prior to forwarding a recommendation to the City Council. The Property Threshold Determination Form prepared for PMA No. 731 is attached at the end of this report. The transaction is rated as being "Simple", based upon the factors considered and the score calculated for disposition of PMA No. 731.

### **NEXT STEPS**

Following preparation of this Preliminary Report, FFD is will provide a summary to the Real Estate Oversight Committee, to all City departments and Public Agencies that expressed an interest in the Excess Property, and to members of the public who responded to the Initial Public Notice. This notice will advise how to obtain a full copy of the report, and advise that FFD will consider comments on the Preliminary Report for 30 days after mailing and direct where and to whom any comments should be addressed. FFD will also post one sign visible to the public at each street frontage abutting the Excess Property which provides the same information.

After comments are received after the posting of the Preliminary Report, FFD revises its recommendation as appropriate, and prepares a Preliminary Report including a report on public involvement, community comments, and feedback. The Recommendation is then forwarded to the City Council with any legislation necessary to implement the recommendation for the excess property. All comment-makers and other interested parties are provided with at least two-week notice of the transmission of the legislative package concerning the property to the Council.

### **RECOMMENDATION**

The Real Estate Services Division of the Fleets and Facilities Department recommends that two parcels that are presently part of PMA No. 731, the SPU Water Operations Center, be sold to the Puget Sound Regional Transportation Authority for a negotiated price which represents the present fair market value, or alternatively, that SPU trade the two subject parcels for land of comparable value with PSRTA.

PROPERTY REVIEW PROCESS DETERMINATION FORM			
Property Name:	Portion of SPU Water Operations Center		
Address:	Airport Way S. between S. Forest St. and S. Stevens St.		
PMA ID:	Portion of 731	Subject Parcel #'s:	N/A
Dept./Dept ID:	SPU	Current Use:	Staging
Area (Sq. Ft.):	5,001 SF	Zoning:	IG2 U/85
Est. Value:	\$ 155,000	Assessed Value:	N/A (portion of tax parcel)
<b>PROPOSED USES AND RECOMMENDED USE</b>			
Department/Governmental Agencies:		Proposed Use: Light Rail facility	
Puget Sound Regional Transit Authority			
Other Parties wishing to acquire: None		Proposed Use: n/a	
RES'S RECOMMENDED USE: SPU to sell to Sound Transit for its facility			
<b>PROPERTY REVIEW PROCESS DETERMINATION</b> (circle appropriate response)			
1.) Is more than one City dept/Public Agency wishing to acquire?	<input type="checkbox"/> No / Yes	15	
2.) Are there any pending community proposals for Reuse/ Disposal?	<input type="checkbox"/> No / Yes	10	
3.) Have citizens, community groups and/or other interested parties contacted the City regarding any of the proposed options?	<input type="checkbox"/> No / Yes	10	
4.) Will consideration be other than cash?	No / <input checked="" type="checkbox"/> Yes	10	
5.) Is Sale or Trade to a private party being recommended?	<input type="checkbox"/> No / Yes	25	
6.) Will the proposed use require changes in zoning/other reg's?	<input type="checkbox"/> No / Yes	20	
7.) Is the estimated Fair Market Value between \$250,000-\$1,000,000?	<input type="checkbox"/> No / Yes	10	
8.) Is the estimated Fair Market Value over \$1,000,000?	<input type="checkbox"/> No / Yes	45	
Total Number of Points Awarded for "Yes" Responses:			10
Property Classification for purposes of Disposal review: <input checked="" type="checkbox"/> Simple / Complex (a score of 45+ points results in "Complex" classification)			
Signature: David Hemmelgarn		Department: FFD/RES	Date: 02/04/07